

How do the changes affect me? Let's look at a few scenarios:

Scenario #1 – Bob - a TIAA participant

Bob is 65 years old and planning on retiring in 3 years at the age of 68. He currently is invested with TIAA and has balances in the following four funds:

- 25% is invested in the TIAA Traditional Annuity
- 25% is invested in the TIAA Real Estate Fund,
- 25% is invested in the CREF Core Bond Account, and
- 25% is invested in the TIAA-CREF S&P 500 Index Fund

What will happen on November 7 to Bob's **assets** if Bob does nothing?

- Since TIAA Traditional, TIAA Real Estate, and CREF variable annuities are not "mappable" to the new Vanguard funds, Bob's existing investments in TIAA Traditional, TIAA Real Estate, and CREF Core Bond will remain unaffected. However, since the TIAA-CREF S&P 500 index fund is not an annuity or a variable annuity, these assets will automatically map to the age-based Vanguard Target Date Fund (e.g. 2020 Vanguard Target Date Fund).

If Bob does not want his S&P 500 index fund **assets** to be "mapped" to the 2020 Vanguard Target Date Fund, what can Bob do?

- Beginning September 15, 2022, he can transfer his S&P 500 to the new Vanguard Total Stock Market fund, which is highly correlated with the S&P 500 index. In fact, 85% of the Vanguard Total Stock Market fund is identical to the S&P 500 index fund.
- If Bob desires to remain invested in the TIAA-CREF S&P 500 index fund instead of the Vanguard Total Stock Market fund, he can do so via the "brokerage window" option provided by TIAA beginning August 15, 2022.

What if Bob wants to transition **more** of his **assets** to the Vanguard Target Date Fund?

- There may be liquidity provisions preventing Bob from leaving the TIAA Traditional Annuity. However, if Bob has not yet annuitized his TIAA Real Estate Fund or CREF Bond Account, he may migrate those assets --- if he chooses --- to the new Vanguard investment options beginning September 15, 2022. To do so, he'd would login to <https://www.tiaa.org/public/tcm/nebraska>. Once logged in he would select "Change investments" in the Retirement plan section, in order to change how future contributions are invested select "Choose future investments" or to transfer out of one or more investments into others, select "Exchange."
- If Bob decides to transfer 75% of his portfolio (e.g. 25% TIAA Real Estate Fund, 25% CREF Bond Account, 25% TIAA-CREF S&P 500) to the Vanguard Target-Date-Fund, please note that this decision cannot be reversed after November 7, 2022. Since TIAA Real Estate

and CREF Bond Account are not on the core menu going forward, there is no mechanism for Vanguard assets to make their way back to contracts holding the TIAA/CREF variable annuities. The one exception to this is the TIAA Traditional annuity.

- For example, if Bob's portfolio looked like this in December 2022:
 - 25% TIAA Traditional
 - 75% Vanguard Target Date funds
- Once the funds are at Vanguard, if Bob decides to allocate more to the TIAA Traditional annuity, he may do so at any time in the future. For example, he might decide to change his allocation to the following in January 2023:
 - 50% TIAA Traditional
 - 50% Vanguard Target Date Funds
- Importantly, after exchanging the TIAA/CREF variable annuities (e.g. TIAA Real Estate or CREF Core Bond) in November 2022, Bob **cannot** re-repurchase these now closed variable annuities.
 - However, so long as the existing assets stay in the contract with TIAA/CREF Variable annuities, Bob may rebalance among the TIAA/CREF Variable annuities.
 - Assume Bob's Portfolio on November 2022 is:
 - 25% TIAA Traditional
 - 25% TIAA Real Estate Fund,
 - 25% CREF Core Bond Account, and
 - 25% Vanguard Total Stock Fund (Vanguard balances will be moved to a new Retirement Choice (RC) or Retirement Choice Plus (RCP) contract the week of November 14, 2022)
 - Since Bob hasn't left the TIAA/CREF Variable annuities, he may rebalance to any allocation he'd like. For example, assume Bob wants more exposure to the real estate fund. He can accomplish this by rebalancing to the following portfolio by selling 10% of his CREF Bond fund:
 - 25% TIAA Traditional
 - 35% TIAA Real Estate Fund,
 - 15% CREF Core Bond Account, and
 - 25% Vanguard Total Stock Fund

What will happen on November 7 to Bob's **future contributions** if Bob does nothing?

- All future contributions will automatically map to the age-based Vanguard Target Date Fund (e.g. 2020 Vanguard Target Date Fund). If Bob desires a different allocation for future payroll contributions, he may change his future allocations by logging onto <https://www.tiaa.org/public/tcm/nebraska>. Once logged in he would select "Change investments" in the Retirement plan section, in order to change how future contributions are invested select "Choose future investments". He will be able to make this change starting on September 15, 2022.

What if Bob wants to map his TIAA/CREF **assets** to the Vanguard funds in 2023? Is he able to migrate those assets to the Vanguard funds if he decides at a later time?

- Absolutely! Bob may migrate any TIAA/CREF variable annuities to Vanguard **at any time after Sept 2022**. Beginning in November 2022, transferring from TIAA and CREF variable annuities into the Vanguard options will require transferring those balances to new RC or RCP contracts.

Scenario #2 – Sally - a Fidelity participant

Sally is 30 years old. She currently has balances in a 401a and a 403b. In each of these accounts, her investments are in the following funds:

- 25% Fidelity Contrafund K6
- 25% Fidelity S&P 500 Index
- 50% Fidelity Freedom 2055 K6

What will happen on November 7 to Sally's **assets** if Sally does nothing?

- All of Sally's 401a assets will automatically map to the age-based Vanguard Target Fund (e.g. 2065 Vanguard Target Retirement Fund).
- Since 403b assets are not automatically "mappable" to the new plan, Sally's existing 403b assets will remain unaffected.

What if Sally does not want her 401a **assets** to be mapped to the Vanguard Target Date Fund?

- If she desires to retain her same asset allocation in her 401a, then she can utilize Fidelity's transfer-in-kind option. To do so, Sally would simply have to open up a "Brokeragelink" account at Fidelity.com in her 401a by October 7, 2022.
- If the Brokeragelink account is opened by October 7, 2022, all of her existing assets will automatically transfer to the brokerage window in her Fidelity 401a on November 7, 2022.
- There are a few caveats, however:
 - First, since Fidelity's Contrafund is not on the investing menu going forward, Fidelity will automatically convert the K6 share class to retail share class before executing the transfer in kind. The same is true for Sally's Fidelity Freedom 2055 fund.
 - Second, given that the retail-share class of Fidelity's 2055 Freedom Fund charges an annual fee of 0.75% (vs 0.5% for the existing K6 share class), Sally should consider migrating those assets to Vanguard's 2055 Target Date Fund, which charges an annual fee of 0.045%. Per \$100k invested, Sally will save \$705/year in fees by migrating to the 2055 Vanguard Target Date funds ($=\$100k*(0.75\%-0.045\%)$).

What will happen on November 7 to Sally's **future contributions** if Sally does nothing?

- All future contributions will automatically map to the age-based Vanguard Target Date Fund (e.g. 2055 Vanguard Target Date Fund). If Sally desires a different allocation for future payroll contributions, she may change her future allocations by visiting Fidelity's website at www.netbenefits.com/universityofnebraska starting August 15, 2022.